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Horse Racing and the Pari-mutuel

By JOHN I. DAY

THE racing of horses is a couple of thousand years older than Christianity; but, like the Thoroughbred breed, racing as we know it today began in England. Every Thoroughbred racing today is traceable to one of three Eastern stallions—the Byerly Turk, the Godolphin Arabian, or the Darley Arabian—but in speaking of the ancestry of a Thoroughbred one does not have to go all the way back. Only three descendants of the Eastern trio founded enduring male lines, and every registered race horse today is traceable to Eclipse in most cases, Matchem in some, or Herod in a dwindling few. As for the sport itself, there is in existence a Hittite treatise on the training and feeding of race horses written somewhere around 2000 B.C. Homer, Ovid, Herodotus, Xenophon, and others were among the early “turf writers,” but today’s horse racing is patterned after the sport which received the patronage of kings in England.

ROYAL PATRONS OF RACING

Large and lusty Henry VIII (1509–47) was fond of racing and was one of the first to pass laws affecting it, though his edicts were aimed primarily at breeding. He favored a horse of size and substance, perhaps because he needed as many as eight or ten mounts on a hunt. He ruled that stallions for breeding were to be confined to stables away from public land, and ordered that all male horses grazing on the commons be castrated. The period is still referred to by equine historians as “The Age of Geldings.” He also ruled that dukes and archbishops should maintain seven saddle stallions. Other titled

persons were required to own a certain number, and subjects whose wives wore silk gowns or “french hoods” were compelled under severe penalties to keep one stallion.

However, it was in the seventeenth century, under the reign of James I (1603–25), whose native Scotland banned horse racing, that the sport began to take on the aspect of England’s national pastime. Whatever else the son of the tragic Mary, Queen of Scots may have done or failed to do for England, he put horse racing on the map. When he attended the races, which was whenever he heard a meeting was to be held, he took his court with him, and he established official sporting days which accounted for about half the year. He not only sought out and attended race meetings, but he made suggestions for improving the grounds. Frequently what had been merely a convenient spot for a race meeting became a permanent turf center after one of King James’s visits.

It was in the seventeenth century that the stakes race, a race in which the owners of the horses put up monetary stakes, all of which go to the winner, was devised. The race course itself was any convenient straightaway marked by flags, and later, at the King’s order, roped off near the finish. England has never adopted the precisely engineered oval course common in America, but the first “round” course was built at Newmarket in 1666. It was also during that period that the first racing “chart” was printed and the first racing officials were noted. The officials were called “tryers,” and served in much the same capacity as a second in a duel. The

tryer's duty was to look after the interests of a particular horse, watching the others for foul riding or interference. The modern counterpart of the tryer is today's steward, racing's chief magistrate. In America today stewards represent the race track and the State Racing Commission, and in New York and in Delaware Park (Stanton, Delaware), which operates under the aegis of The Jockey Club,¹ one steward represents The Jockey Club.

During the rule of Charles I (1625-49), racing became an issue in the rising political strife. Civil war and Puritan reaction led by Oliver Cromwell closed the race tracks for a period until the Stuart restoration. Oddly enough, Cromwell, a former cavalryman, loved horses himself, and while there is no mention of his racing, he was a breeder on a large scale. In his *Oliver Cromwell*, John Buchan writes: "Horses were his abiding passion. He suppressed bear-baiting and cock-fighting because of their cruelty, but his prohibition of horse-racing was only local and temporary, and due solely to its political danger as an excuse for royalist meetings."

As has been noted, certain rudimentary steps were taken toward the organization and regulation of horse racing in the seventeenth century. The sport continued to grow but without any central authority until the establishment in 1750 or 1751 of The Jockey Club at Newmarket, which laid down a definite code of rules and regulations pertaining to racing.

EARLY AMERICAN RACING

These rules, along with the term Jockey Club, followed the Thoroughbred to America. The written record

of early American racing is fragmentary and in spots contradictory, but the sport was well established here before the United States came into being. George Washington was himself a breeder, raced his horses, and officiated at race meetings.

The culture and agriculture of the South made it a natural center for the development of the American Thoroughbred, but one of the first permanent racecourses was established on Long Island's Hempstead Plain by Governor Nicolls in 1665.

The name Race Street in Philadelphia, and in other cities, locates some of the earlier courses. When racing down the main thoroughfare became too popular and a menace to commerce and safe passage on the road, the town fathers legislated it into more organized existence. Permanent tracks were laid out, frequently near the church so that Sunday worship and Sunday recreation—where they were not incompatible—could be combined. Then, too, where the modern racing fan has only to worry about traffic jams, the race-going colonist had to keep an eye peeled for Indians, who, for motives other than reform, were wont to disturb race meetings.

From early quarter-mile dashes down race paths soon worn smooth of turf by pounding hoofs, evolved the laid-out skinned, or dirt, track, usually a rough mile around, and with it a type of horse peculiarly American—the four-miler who raced in heats. These four-mile heat races were responsible for a colorful chapter in the history of American racing, particularly in the era of the North-South match races which, preceding the War between the States, attracted national attention and throngs of 60,000. In Francis Barnum Culver's *Blooded Horses of Colonial Times*, it is observed that during the middle eighteenth century racing was established at

¹ Not to be confused with jockey club as applied to an individual race track such as Pimlico, which is operated by the Maryland Jockey Club.

"almost every convenient town and public place in Maryland, Virginia and the Carolinas."

Racing did not come to a full stop even during the Civil War, and as the country reunited, the sport boomed; but control and supervision were strictly up to the operators of each track, many of whom would not be granted a franchise by today's state racing commissions.

BEGINNING OF REGULATION

Conditions toward the end of the nineteenth century became intolerable to the men who considered racing a sport rather than merely a means for gambling. Consequently these men banded together to try to control and regulate the sport.

The events leading up to the formation of The Jockey Club, today American racing's oldest administrative body, are outlined by W. S. Vosburgh in *Racing in America—1866–1921*:

Until 1891 there had been no concerted action on the part of racing associations toward general government of racing. Each association was a law unto itself. Each selected the dates for its meetings, each had its own code of rules. While all the clubs of the Metropolitan district raced under the rules of the American Jockey Club (operators of Jerome Park), each of them had special rules for racing over its own tracks. The growing popularity of racing and the organization of new associations, however, convinced turfmen that the time had arrived when it was necessary to exert some control and a uniformity of procedure in racing affairs. . . . It was Mr. Pierre Lorillard who took the initiative at a dinner given by him to the representatives of the different clubs and owners of horses. He stated that unless some control were exercised growing abuses would soon, and seriously, affect the popularity of racing.

The outcome of the Lorillard dinner was the formation of the Board of Con-

trol, organized on February 16, 1891. It was composed of seven members representing the race tracks and the owners of horses. The Board of Control thus began the first step in the general government of racing. Jockeys and trainers were licensed, the rules of racing were revised, and certain tracks were outlawed.

However, while a good-sized step in the right direction, the Board of Control was not the answer to the problems confronted by a fast-growing sport which was no longer the private pastime of kings and cavaliers. In 1893 the horsemen met to discuss dwindling racing revenue which had caused a reduction in the purse money put up by the racing association. James R. Keene, one of the most prominent owners and breeders of the period, led the move toward further progress of control and regulation. He said that the Board of Control was unequal to dealing with the situation, and suggested the formation of a Jockey Club patterned after the one in England, with power to allot dates for meetings, license jockeys and trainers, enforce forfeit lists, appoint officials, revise and unify the rules of racing, and, in effect, constitute a final court of appeal in the interpretation of rules, with power to discipline all persons under its jurisdiction.

A committee met with the Board of Control, and The Jockey Club came into being in 1894. Though the authority of The Jockey Club today is limited to New York and to Delaware Park which operate under its rules, its effect on racing is felt nationally. The rules and regulations adopted by The Jockey Club have served as a pattern for the rules under which racing is operated in every state. One of the most important functions of The Jockey Club has been the keeping of the American Stud Book in which every Thor-

oughbred is registered. No horse is permitted to race at a recognized track unless he is registered in the Stud Book, and the naming of horses is also passed upon by The Jockey Club Registry office.

STATE REGULATION

As racing grew in popularity, the state governments began to take cognizance of it. Kentucky, in 1906, was the first to undertake local control and regulation by the establishment of a State Racing Commission. However, there was no immediate rush on the part of the state governments to sponsor racing. By 1920 only five states had taken official recognition of horse racing. During the depression years, however, legislators saw the popular sport as a means of added revenue, and by 1940 state racing laws were in effect in eighteen states. Today the number has grown to twenty-five, and the aggregate state taxes on the betting alone comes to some hundred million dollars annually.

With the creation of many new state racing commissions in the early 1930's another move toward national regulation was made with the formation in 1934 of the National Association of State Racing Commissioners. This group has from the outset sought unified action on various racing problems, but inasmuch as any step taken needs individual legislative action in each state, the effect of the NASRC as a national policy-making group has been more influential than actual. It does serve a very useful purpose, however, in bringing racing problems to the attention of the commission in each state, and reciprocal action on many rulings is thus brought about.

Prior to the formation of the individual state racing commissions, anyone who could raise the necessary money and obtain the necessary land might

go out and build and operate a race track almost anywhere. Today the racing commission grants the franchise for race track operation, dictates the number of tracks which may operate, limits the number of days of racing, approves purse schedules, passes on the appointment of officials, and licenses jockeys and trainers and in some cases the owners as well.

MEANS OF REGULATION

To a large extent, credit for the regulation and control of racing must be given to the larger tracks themselves. They were prompt to adopt scientific and mechanical aids such as the saliva test for the detection of stimulation of horses; the photo-finish camera which eliminates the chance of human error in the placing of horses in a close finish; the mechanical starting gate which has eliminated much of the danger from the hoofs of fractious horses and all of the delay, which in the case of the American Derby of 1893 was 90 minutes; the motion picture patrol which photographs the entire race from different angles and is available to the stewards for review in a matter of minutes following a claim of foul or an accident; and, of course, the totalizator.

The totalizator, a mechanical method of recording bets and computing odds, based on the amount bet on each horse in relation to the total amount in the betting pool, has done as much for racing as the invention of the linotype did for printing. Betting through the totalizator is a refinement of the pari-mutuel form of betting which was invented in France in 1865 by Pierre Oller. Oller, it seems, did not like accepting the arbitrary odds made by bookmakers, and devised a system whereby tickets were sold on each horse in each race, with the odds determined by the number of tickets sold on the winner in relation to the amount bet on all of the

horses. In effect the bettors were thus wagering among themselves, hence the name pari-mutuel.

Until the invention of the ticket-vending machine and the totalizator, however, there was room for abuse of the pari-mutuel system. There was no absolute check on the number of tickets sold or the amount of commission to be taken from the total pool, and an unscrupulous operator might falsify the records, take an exorbitant commission, and pay off what he pleased, within reason, pocketing the difference. The invention of the ticket-vending machine and its use in conjunction with the totalizator eliminated the danger of human error or dishonesty. What was once a series of manual and mental manipulations is now accomplished by pressing a button. The ticket-vending machine, a development of an English firm, prints and issues the tickets at a rate of fifty per minute. An adaptation of the dial telephone system, it sorts, adds, and transmits the totals to the indicator boards in the calculating room, which show at all times just how much is bet on each horse and in each pool—to win, to place (run second), or to show (run third).

The first completely electrical totalizator was conceived and built in the United States in 1927 and 1928 and taken to England in 1929 where it was adopted by the English Race Course Betting Board and put in general use. It was not until 1933 at Arlington Park (Chicago, Illinois) that the first totalizator was used in America. Today it is standard equipment at all of the recognized race tracks.

WHAT THE TOTALIZATOR DOES

As can be readily seen, an important aspect of the totalizator is the elimination of personal interest, except on the part of the individual bettor, as to which

horse wins. The track deducts a percentage, prescribed by state law and shared by the state and by the track, from each betting pool. The remainder of the money in the pool is divided among the winners. In the case of the place pool, wherein place tickets on both the winner and the second horse are cashable, the amount in the pool, after deduction of the commission percentage, is first divided into equal parts and then apportioned to the holders of returnable tickets.

The track is not affected, whether the favorite (the horse on which a majority of the people have bet) or a long shot on which only a few have bet is the winner. In rare cases a "minus pool" is created, as was the case with Citation on frequent occasions.² The track must pay off at a legal minimum, usually five cents to the dollar. In a case of a horse like Citation, however, so much might be bet on him to run third that when the legal commission is deducted and the remainder of the "show" pool is divided in three parts to provide payment on the other two placed horses, not enough remains to reclaim the outstanding tickets on Citation at the legal minimum. In such a case, the racing association adds to the "minus pool" to make up the difference, paying off at \$2.10.

In the days of the bookmakers, an individual book might be wiped out should a particular favorite win, while according to the "balance" of his book he might stand to win a greater or less amount should any other horse in the race win.

² In California the state law provides that "after the aggregate mutuel handle for the season reaches \$27,000,000, all minus pools are paid from the breakage collected by the state." In the recent (1950) Santa Anita Handicap, when the Calumet Farm entry of Citation, Two Lea, and Ponder ran second, third, and fourth respectively, minus pools for place and show totaled \$58,764.47.

THOROUGHBRED RACING ASSOCIATIONS AND PROTECTIVE BUREAU

With all the improvements of racing, however, and in spite of its national character, race tracks for the most part were still operating individually and often competitively, and over-all regulation had not kept pace with racing's expansion.

At a meeting of representatives of all phases of racing called by the National Association of State Racing Commissioners in Chicago in 1942, to plan racing's adjustment to wartime conditions, a new national organization was formed. It was incorporated in New York under the name of Thoroughbred Racing Associations of the United States, and had twenty-two charter member race tracks.

The immediate function of Thoroughbred Racing Associations was obvious; it unified the sport, cleared necessary procedure with governmental agencies, and helped to raise some \$25,000,000 for various war funds. Racing's unity and the strength of its new organization met a stiff test when on January 3, 1945, War Mobilization Director James F. Byrnes requested the suspension of racing. While this was perhaps desirable for purposes of austerity, it was obviously discriminatory. Thoroughbred Racing Associations' policy of full co-operation was quickly ratified by its members, and when the ban was lifted three months later the sport was commended by Washington.

Thoroughbred Racing Associations has continued and developed as a policy-making body, and today has thirty-seven members. In 1945 it announced the formation of the Thoroughbred Racing Protective Bureau, headed by Spencer J. Drayton, former executive assistant to J. Edgar Hoover in the Federal Bureau of Investigation.

Today the Thoroughbred Racing Protective Bureau is a national organiza-

tion with offices in Los Angeles, Chicago, New York, Boston, and Baltimore. Its files contain pertinent data on all connected with racing, from the anonymous but important groom to the steward. A fingerprinting program includes more than 42,000 sets of prints and will ultimately cover everyone who has anything to do with Thoroughbred racing. A strict check on identification does not stop with the humans in racing; a lip-tattoo system of identification developed by the Thoroughbred Racing Protective Bureau has made "ringing," or the switching of identity among horses, an impossibility at a TRA track. Today some 17,000 race horses are tattoo-branded on the inside of their upper lip with a letter denoting the year of birth and certain digits of their Jockey Club registration number.

Thoroughbred Racing Associations also adopted a Code of Standards for racing which in effect ensures racing on the highest possible plane of operation at its member tracks.

Sharing a common interest in a sport which has become an industry with a billion-dollar turnover and an investment running into some 500 millions, The Jockey Club, the Thoroughbred Racing Associations, and the National Association of State Racing Commissioners work in co-operation.

LEGISLATIVE HAZARDS

One of the oldest and most colorful of sports is today one of the best regulated and most honest. All of these groups—The Jockey Club, TRA, and NASRC—have vigorously opposed legislation designed to legalize betting at offices away from the race track. Such legislation, inspired by hope of additional revenue from racing, would of course mean additional profit to the race tracks, but, as the past history of open gambling has proved, would eventually kill the sport. Today some twenty-odd million

go to the races annually, and if their sole motivation was the desire to make a bet, they could readily do so with illegal bookmakers. Racing today is the most heavily taxed of sports. As has been noted, the state taxes on the amount of money bet comes to some 100 million dollars annually.

The principal problem of racing today

is not the individual cheat, but the perhaps well-meaning but ill-advised legislator who would impose additional taxes or legislate conditions such as off-course betting or night racing, which would lead to abuses and ultimately cause a reaction against what is a traditionally fine sport and an economically significant industry.

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